

GULFPORT REDEVELOPMENT COMMISSION

Request for Proposals Former VA Site



Dated May 1, 2010

GULFPORT REDEVELOPMENT COMMISSION REQUEST FOR PROPOSALS

GULFPORT VA REDEVELOPMENT SITE

The Gulfport Redevelopment Commission (the “GRC”), as the urban renewal agency of and working in cooperation with the City of Gulfport, Mississippi (the “City”), is soliciting Development Proposals from firms interested in developing and managing a high visibility world class mixed-use project at the former Veterans Administration Medical Complex located in Gulfport, Mississippi. Qualified firms may indicate interest, qualifications and proposals by responding to this Request for Proposals (“RFP”).

INTRODUCTION

Gulfport is located on the Mississippi Gulf Coast and is the second largest city in the state. Bisected by Interstate 10, the City is 72 miles east of New Orleans and 70 miles west of Mobile. Gulfport’s downtown is located on the shoreline of the Gulf of Mexico.

The City and GRC each own several parcels of undeveloped property along the Gulf of Mexico, Interstate 10 and within the City’s central business district (collectively, the “Sites”). The City and GRC desire to ultimately realize the full development potential of each of the Sites. Some of the nearby sites not subject to this RFP are listed on Appendix A attached hereto.

The GRC is pleased to announce and currently soliciting Proposals for a developer for one of the Sites. The GRC invites your participation in this RFP, which will include a process to evaluate redevelopment options and select a team or teams for redevelopment of the designated Site. The purpose of this RFP is to solicit Proposals including the Initial Proposals/Statements of Qualifications and Supplemental Proposals (collectively, “Proposals”) from qualified developers for evaluation with respect to the design, construction, development, leasing, marketing and management of all or a portion of the former Veterans Administration Medical Complex which is located at 200 East Beach Boulevard (US Highway 90), Gulfport, Mississippi (“VA Site”). Additional information relating to this RFP and the VA Site is available on the City’s website which may be found at www.gulfportcentennialplaza.com (the “Website”), including, without limitation, certain information and documentation under the heading Data Room. The words developer, proposer, recipient, offeror and words of similar import may be used interchangeable throughout this RFP and shall be deemed to refer collectively to one and the same entity or group.

Initial Proposals must be received by the GRC in accordance with this RFP (each one individually and collectively as the context requires, “Initial Proposal”) **no later than 4:00 p.m. local time on June 7, 2010**. Based on the Initial Proposals received, the GRC will (i) assess the viability of the submittals, (ii) identify a shortlist of up to ten (10) proposers, and (iii) invite the

shortlisted proposers to submit a supplemental detailed response to this RFP. All proposers who submitted Initial Proposals will be advised whether or not they are invited to submit Supplemental Proposals **no later than 4:00 p.m. local time on June 15, 2010**. Supplemental Proposals are due to the GRC from each of the shortlisted potential developers or teams in accordance with this RFP (each one individually and collectively as the context requires, “Supplemental Proposal”) **no later than 4:00 p.m. local time on July 30, 2010**. After receipt of the Supplemental Proposals, the GRC will schedule half day interviews in Gulfport with each of the shortlisted proposers as soon as reasonably possible. If, after the interviews, the GRC determines that one or more of the submittals is viable, it will begin negotiations with the potential developer(s) or team(s) for the purpose of selecting one or more development teams. Teaming of developers to respond to this RFP is acceptable and encouraged in light of possible financing and construction complexities that may arise in order to fully implement and successfully complete the desired development. Successful firms should provide a comprehensive approach to achieving the project goals outlined in this RFP.

The City and GRC are willing to consider a wide range of development options to enable it to achieve the most viable and productive development for the VA Site. The GRC reserves the right to halt the RFP process at any stage, to reject any Proposals that do not conform to the intent and purpose of this RFP, or to reject all Proposals for any or no reason.

A pre-proposal conference, economic summit and site tour were held on April 27th and 28th 2010, in Gulfport, Mississippi. Details of the conference are available at the Website.

Questions regarding this RFP should be submitted in writing to Connie Debenport, via email cdebenport@gulfport-ms.gov or via fax to 228 868-5704 no later than five (5) business days prior to the submittal deadline for Proposals. All questions and responses will be publically available to all registered RFP recipients. If a recipient was unable to attend the pre-proposal conference or upon other reasonable requests as determined by the GRC, private tours can be scheduled with the GRC by contacting Connie Debenport at least two (2) business days in advance of the requested tour. Any and all such tours shall be subject to reasonable restrictions and limitations as established by the GRC and consistently applied to the requesting recipient(s).

All questions, responses and Proposals are subject to the public records laws of the State of Mississippi.

BACKGROUND

General.

Gulfport is the primary business and financial hub for the Coastal Mississippi region. The City has an advantageous location along I-10, which is the principal east-west artery for the entire Gulf Coast, and at the southern terminus of Highway 49, which is a principal north-south artery from the Gulf Coast to Hattiesburg and Jackson. The City’s central business district is located directly on the scenic Gulf of Mexico and is surrounded by high-quality neighborhoods, including several historic areas.

The City has considered and initiated several plans and concepts to reinvigorate the downtown business core, public parks and other areas in recent decades. Hurricane Katrina caused severe damage to buildings and infrastructure within the City. After the hurricane, Governor Haley Barbour and the Mississippi Development Authority (“MDA”) initiated the Governor’s Commission for Recovery, Rebuilding and Renewal with a team of high-profile architects and planners. This process subsequently evolved into implementation of certain development expectations and protocols. Significant progress has been made since Katrina in rebuilding and improving Gulfport and the surrounding areas. Of particular note is the facade grant and streetscape programs that have and are continuing to significantly enhance the central business district of the City.

DPZ Design Conference.

In January 2008, the City sponsored a week long design conference, including a series of public meetings led by the design team of Duany, Plater-Zyberk & Company, LLC (“DPZ”). The design conference was followed up with additional public meeting in March 2008 allowing even more public input on the proposed conceptual designs. DPZ incorporated extensive public input to generate a long-range plan to act as a catalyst for area redevelopment. The component of this plan for the VA Site was adopted by the City Council on March 24, 2009. For purposes of this RFP, the entire plan is referred to as the “Gulfport Plan” and the portion of the plan approved for the VA Site is referred to as the “VA Development Plan”.

The Gulfport Plan provides the City with a vision that encourages a world-class, signature mixed-use, pedestrian-friendly development and capitalizes on the City’s unique environment and regional location. The Gulfport Plan envisions converting the Gulfport downtown and harbor, certain property along Interstate 10 and designated waterfront development districts into active, medium-density urban communities. These communities would contain pedestrian-friendly streets leading past shops with strategic greenways intermingled. As envisioned, the community development process would embrace the surrounding neighborhoods and waterfront creating an urban neighborhood center. This pedestrian-friendly environment is expected to create new construction activity, generate public investment, spawn economic expansion, and establish regional cultural activity centers.

The Gulfport Plan also contemplates open-air facilities, sitting areas, water features and walkways so that the public can enjoy a pleasant, family oriented atmosphere. Retail tenants will be selected so that each tenant contributes to the urban neighborhood center concept. Community housing units should accommodate a variety of lifestyles, including singles, young married couples, single parents, growing families, empty nesters and retirees. As part of the community appeal, residents should be able to walk to restaurants, shops, public plazas and locally sponsored events. Parking should be properly sized and located to promote the urban neighborhood concept. The use of decks and balconies is encouraged as well as the inclusion of modern technology and energy saving, environmentally friendly materials and systems.

The Gulfport Plan includes recommendations to revitalize certain identified strategic corridors of Gulfport by:

- Creating sustainable development with a significant long term benefit to the City and surrounding communities.
- Incorporating fundamental elements of true urbanism including enhancements to the neighborhood, district and corridors supporting the development.
- Resolving access and other traffic problems, and initiating an urban pattern that supports transit.
- Catalyzing post-hurricane housing construction of a certain baseline quality.
- Taking advantage of opportunities for federal, state and local government assistance created by the Hurricane Katrina destruction or otherwise.
- Taking advantage of opportunities relating to the unique nature and character of each Site and any related improvements.

The VA Development Plan includes further recommendations to revitalize the VA Site as follows:

- Create a resort or conference center style destination hotel.
- Promote a family friendly, mixed-use environment including hotel, office, retail, other commercial and market rate residential uses or some combination of such uses.
- Utilize and protect the Mission Style campus design.
- Effectively utilize the existing structures, including the Chapel located on the South Parcel (as defined below) and the old laundry facility located on the Laundry Parcel (as defined below).
- Improve and enhance existing public space within the VA Site and potentially enhancing the adjacent privately owned Clower-Thornton Nature Preserve (Clower-Thornton Nature Preserve is not owned by the GRC and is not being offered as part of this RFP).
- Promote family oriented and public uses.
- Promote both active and passive recreation within the VA Site.

Zoning and Planning.

The City Council has adopted the Gulfport Smart Code developed by DPZ for certain areas of the City. Other areas are subject to traditional zoning policies. It is anticipated that the VA Site will be excluded from, and therefore, the development of the VA Site will not be directly subject to either the Gulfport Smart Code or traditional zoning regulations. However, it is intended that development of the VA Site will be subject to certain conditions, covenants and restrictions (“CCRs”) and guidelines such as Smart Code Zone T5, all to be negotiated with the potential developer and incorporated into the Ground Lease and/or specific CCRs to be filed of record. Details of the City’s zoning ordinances including Smart Code can be located on the City’s website www.gulfport-ms.gov.

PROPOSED DEVELOPMENT GOALS

The City of Gulfport and the GRC are committed to creating high quality mixed-use developments that will maximize the benefits to the City and surrounding communities. The City and the GRC encourage creative and innovative development that is compatible with the approved Gulfport Plan and vision for the City. The primary goal for the development of the VA Site is to make Gulfport the premier family, urban and recreational destination along the Gulf Coast. It is also intended that any development of the VA Site will be compatible with the goals of the Gulfport Plan and provide a strong catalyst for growth and development throughout the City.

Specific project goals include the following:

Maximizing Value. Developing the VA Site to its full potential, thereby maximizing the associated value and creating a constant annual revenue stream to the City. However, development of the VA Site for gaming is strictly prohibited and will not be considered.

Sustainability. Creating an environment that is planned using smart growth principles and to the extent possible is environmentally sustainable by incorporating Leadership in Energy Efficient Design (LEED) standards.

Jobs. Stimulating jobs through the development process. The project should promote an equitable business environment by creating opportunities for participation by qualified local businesses, as well as minority and women-owned businesses, and encouraging involvement in apprenticeship programs.

Compatibility. Providing development that is both compatible and consistent with the Gulfport Plan.

Promote the City. Promoting the growth and vibrancy of Gulfport and the development districts as well as encouraging connectivity with, and celebration of, the existing fabric of the surrounding neighborhoods.

SIGNIFICANT PROGRAMS & RESOURCES

Gulfport Development District (“GDD”). On April 15, 2008, the City Council and the Mayor approved and authorized: (i) the designation of certain property to be included within the GDD including, without limitation, the VA Site, and (ii) the formation of the GRC as the Urban Renewal Agency of the City pursuant to Title 43, Chapter 35, Article 1, Mississippi Code of 1972, as amended. The GDD and GRC were fully formed and operational in October, 2008. The GRC has all responsibilities of the City relating to this RFP, subject only to certain powers reserved by the City. For example, the City has the sole authority to grant or approve any incentives associated with the City and the City must approve any material changes to the VA Development Plan. The GRC consists of a five-member Board of Commissioners which oversees and governs all GDD activities. The current commissions of the GRC are: Chairperson

Carole Lynn Meadows, Don E. Mason, Don E. Halle, E. J. Roberts and Sal Domino. The Board will consist of business and community leaders who will serve five year staggered terms.

It is expected that the GDD will ultimately include all of the Sites. Two key purposes of the GDD and GRC are (i) to provide consistent leadership and decision making, and (ii) to provide an investment and development zone that encourages the revitalization of traditional neighborhood centers permitting the coordination of waterfront development with recognition, preservation, protection and adaptive reuse of the historic and cultural resources of the district so as to emphasize the character, foster continued redevelopment and maintain a pedestrian, street-oriented atmosphere. The creation of the GDD also enables the GRC to enter into long term leases of designated development parcels.

Gulfport Plan, VA Development Plan. The City further engaged DPZ to refine the concepts identified in the Gulfport Plan into a conceptual master plan, including the VA Development Plan relating to the VA Site. The City Council approved the VA Development Plan as merely a conceptual guide to development on March 24, 2009. No developer is bound by the VA Development Plan, and the City and GRC acknowledge that changes or modifications to the VA Development Plan may be requested and indeed, may be required, by any developer based on the ultimate development plan. Any material changes to the VA Development Plan will require the approval of the GRC and the City.

The VA Development Plan contemplates private development of approximately 57.69 acres of GRC owned or controlled land within the VA Site. The VA Development Plan encourages both the redevelopment of the existing buildings and construction of new buildings while ensuring that all structures will meet modern storm standards to mitigate against damage from future hurricanes. Any development should take into account current applicable building codes, laws and standards, including, without limitation, Federal Emergency Management Agency (“FEMA”) requirements and building above the advisory base flood elevations (“ABFE”).

The extensive public input and City approval provide a significant amount of predictability to the proposed development requirements and evidence the strong public support for this development. The City and GRC have a clear vision for a public/private partnership that will result in high quality mixed-use developments within the GDD.

Existing Improvements. The VA Site which is available for development consists of approximately 57.69 acres and eleven (11) existing buildings containing more than 325,000 square feet (collectively, the “Buildings”). The VA Site has been cleared, and the Buildings have been repaired and restored post Hurricane Katrina under the supervision and funding of the Veterans Administration (“VA”). The Buildings have been remediated of all lead paint and asbestos containing materials. All internal Building mechanical, electrical, plumbing and similar systems have been removed in their entirety. In addition, the VA has replaced all roofs, windows and doors in all ten (10) Buildings located on the South Parcel. The roofing materials, windows and doors are all consistent with the historical nature of the Buildings. The City utilized the services of HDR Architects and consulted with the Mississippi Department of Archives and History (“MDAH”) and the National Park Service (“NPS”) in connection with the

selection of such materials. The GRC expects the developer to utilize the Buildings and to preserve the historical nature of the VA Site and corresponding layout. The total amount funded by the VA in connection with the post Katrina restoration project is in excess of Thirty-Six Million Dollars (\$36,000,000.00). There is no requirement to reimburse any portion of this amount to the VA.

Existing Infrastructure and Utilities. All utility lines, piping and related systems were totally removed from within each Building by the VA. All above ground lines and related systems were also totally removed from the VA Site by the VA. Some of the underground utilities on the VA Site serving the remaining Buildings remain in place. The GRC has been advised by the VA that the following is the current status of various underground services: (i) the storm sewer is in place and in working condition; (ii) the sanitary sewer is in place and been flushed for the remaining Buildings; (iii) water lines are in place but in poor condition; (iv) all electrical wiring has been removed but the underground conduits remain in place; (v) some gas lines were removed and others abandoned in place; and (vi) all steam and chill water lines were removed. Most lines serving the building that were removed by the VA were capped at the five foot perimeter line and left in place to adjoining structure. There can be no assurance as the condition or usability of any of the remaining lines or underground services. Each developer shall have the sole responsibility to undertake whatever testing that it deems necessary or appropriate with respect to all such lines and underground services.

The City has just finished installing a new water main on the southern side of the VA Site. This water line ties into a newly installed water main that comes from the East. There is a newly installed water main to the North of the VA Site which will be tied into the VA water tank by August 1, 2010. Additionally, there is a new water line that has been installed to the North Parcel. A project bidding on May 19, 2010 will complete a water loop to the West. In that same project, a new sewer system with a pump station will be installed at Owen Palmer Park west of the VA Site. This infrastructure project is being funded by FEMA. The City expects the cost of all related infrastructure projects to exceed \$83 million in total. Final completion of all infrastructure projects south of the railroad tracks is expected to be August 2011. This project was designed for upgrading and increasing of the water and sewer pipe sizes which should provide capacity for future growth based on the City's land use plan.

The City is willing to assist and support development of the VA Site by considering the proposed uses and needs of the development in connection with the City's ongoing infrastructure projects. Selected maps of and a more detailed report regarding the newly installed water and sewer system infrastructure projects are available on the Website in the Data Room and upon request from the City Department of Engineering.

Ownership and Long Term Ground Lease of Property. On March 16, 2010, the City unanimously passed a Resolution authorizing the conveyance of the South and Laundry Parcels to the GRC for the purposes of development. These parcels have been conveyed to the GRC. Therefore, the GRC now owns the South and Laundry Parcels and wishes to enter into a long term ground lease and a public/private partnership with one or more developers. The VA Site will only be made available through a long term ground lease with GRC as lessor. Certain

proposed terms of the ground lease are described below under Certain Ground Lease Provisions. The sale of this property is not to be considered as an option. The VA Site is and will remain subject to certain deed restrictions prohibiting a sale or transfer by the City or the GRC for a period of 50 years.

POTENTIAL INCENTIVES AND TAX CREDITS

Each of these potential incentives and tax credits require either approval by other governmental entities and/or compliance with specific regulatory guidelines. GRC is not making any representations or assurances of any type regarding the eligibility of any proposed development of the VA Site for, or the availability of, any of the incentives listed below or otherwise with respect to any specific incentives. The GRC has no authority to grant any incentives (other than negotiation of the Ground Lease) relating to the VA Site. The following list is for information purposes only and each proposer has the sole responsibility to identify and obtain any incentives necessary for development of the VA Site.

State Tourism Sales Tax Incentive Program. If the proposed development qualifies under the applicable MDA guidelines, the City will consider participation in the “Tourism Rebate Program”. The program provides for a rebate of a percentage of sales taxes collected relating to a certified site for a period of up to ten (10) years. Sites may include, among other uses, certain museums, hotels or resort developments. All projects must be certified by the MDA for participation. Once certified, a developer may recover up to 30% of the total project costs during the ten (10) year recovery period through a rebate of eighty percent (80%) of eligible sales taxes. More details regarding this incentive are available directly from the MDA and its website (www.mississippi.org).

Historic Tax Credits. Historic Tax Credits may be available in connection with development of the VA Site. These tax credits may be available at both the federal and state levels. Subject to pending federal legislation, an enhancement or increase to the value of the historic tax credits may be available until December 31, 2010. The campus design of the VA Site, as well as certain Buildings, has been determined to be eligible for historic designation by MDAH. However, there can be no assurance as to the final designation of the VA Site or any specific Building. To assist in obtaining credits, the roofing, doors and windows replaced on the South Parcel Buildings were selected based on historical information and applicable constraints. However, no assurance is given that the roofing, doors or windows satisfy any particular requirement. More information regarding the history of the VA Site is available on the Website or from the MDAH.

New Market Tax Credits. New Market Tax Credits may be available in connection with development of the VA Site. These tax credits may be available at both the federal and state levels. However, the VA Site is not in a qualified census tract. Alternative designations of eligibility may apply based either on the proposed development or the fact that the area was designated as a Go Zone targeted population area post Hurricane

Katrina. Therefore, any new market tax credits may be limited to any remaining credits allocated specifically for the Go Zone and may be subject to other restrictions.

Go Zone. Currently, effective until December 31, 2010, the Go Zone Act establishes a series of financial incentives to promote investment by the private sector in certain Mississippi counties impacted by Hurricane Katrina rather than embarking on a public building campaign financed solely with public funds. Financial incentives for new development and rehabilitation may include, without limitation:

- Tax-exempt bond financing available for a limited time to private businesses for office buildings, warehouses, rental housing, manufacturing facilities, shopping centers, retail stores and many other private sector projects.
- 50% accelerated depreciation for certain types of new development.
- An expanded amount of certain federal and state tax credits, including, without limitation, low income housing, new market and historic tax credits, may be available.

There currently is pending legislation pending in the United States Congress that could alter or extend certain provisions of the Go Zone Act. However, there can be no assurance that any such legislation will ever be enacted into law.

Tax Increment Financing District (“TIF”). The City will consider creating a special taxing district and political subdivision to provide for the development of designated areas in accordance with a comprehensive plan for development of property within the boundaries of the GDD. The special taxing district will have as its purpose economic development within the City in order to provide for the renovation, restoration, and development of the GDD, including hotel, commercial and residential development of all or any portion of the GDD. The special taxing district may utilize sales or property tax increment financing to offset the costs and expenses associated with approved infrastructure improvements constructed in accordance with the Gulfport Plan. State and local authority will need to be requested and granted to establish a TIF district. To utilize TIF benefits, the proposal should include a feasible TIF plan for infrastructure required for the proposed development. Any TIF plan will require specific approval by the City before it becomes a part of an approved development proposal. It is anticipated that the City will take all necessary action to activate the TIF once an acceptable development plan is approved by the GRC and the City.

Property Tax Abatement. The City will also consider a request for a property tax abatement or an in lieu agreement in accordance with applicable law. In general, property tax abatement may be available for a seven (7) year period with respect to the value of the new leasehold improvements (excluding school taxes) with the time period dependent on the nature of the proposed development. An in lieu agreement may be negotiated with a taxing authority for a duration of up to ten (10) years if the investment in a qualified project exceeds \$100,000,000. An in lieu agreement is a negotiated agreement establishing property tax payments and amounts in lieu of the standard tax assessments and procedures (not less than one third of the normal tax assessment). If approved, the City will assist and cooperate in connection with any related

requests to Harrison County ("County") and MDA for any property tax abatement or in lieu agreement, as applicable.

Office Space. The City has recently totally refurbished its "Old Courthouse" located at 135 Courthouse Road. This building is less than one half mile from the VA Site. The building has more than 2,500 square feet for lease. The City is willing to lease a portion of this building to the selected proposer at market rental rates. This offer will be made in connection with and subject to the proposed development of the VA Site.

Streamlined Development Procedures. To ensure that development review is timely, efficient and supports the goals of this project, the GRC in conjunction with the applicable departments of the City will review development proposals and permits to ensure compliance with City requirements and to provide timely review of all submittals. The City may consider certain limited waivers of permit or other related fees.

Project Consultant. Upon request of the developer, the GRC will consider retaining the services of an independent project consultant to serve as the single point of contact in order to facilitate project management. The project consultant would provide certain designated services but only upon the request of the GRC and the developer. Compensation for the consultant would be on an hourly basis with a not to exceed limit. Developer would be solely responsible for the payment for the consultant's services. GRC and developer would mutually agree on the selection of any such project consultant and the terms of any such engagement.

Other Incentives and Grants. Various other incentives, tax credits, grants and loan programs may be available through the Mississippi Development Authority ("MDA") and the MDAH depending on the nature, size and scope of any proposed development. Each developer is encouraged to evaluate and consider these various incentives in relation to its proposed uses and development. The City and GRC will assist, cooperate and in certain cases act as the sponsor with the selected developer in order to obtain applicable incentives through the MDA and MDAH.

SITE DESCRIPTION

The City has identified the VA Site as excess property available for private development. The VA Site consists of three distinct parcels. The parcel south of the CSX railroad line ("South Parcel"), the parcel consisting of the old laundry facility ("Laundry Parcel") and the open parcel located north of the railroad line ("North Parcel"). The South and Laundry Parcel are the only VA parcels being offered for commercial and/or residential development at this time. Therefore, this RFP relates only to the potential development of the South Parcel and the Laundry Parcel of the VA Site. The VA Site is located on US 90 (Beach Boulevard) approximately 2.5 miles east of the terminus point of Highway 49, the primary entrance to the Gulfport beaches. Identification of the North and Laundry Parcels are referenced on Exhibit A attached hereto.

The South Parcel is eligible to be designated for listing in the National Register of Historic Places as a historic district under Criteria A and C. Once designated, certain actions relating to

construction and design with respect to the South Parcel will be subject to approval by MDAH and NPS. Copies of the Historic Preservation Certification Application – PDIL Preliminary Review Comments and letter from the Keeper relating to eligibility are available on the Website. There can be no assurance of the final certification of any proposed development of the VA Site or the impact once certified on any proposed redevelopment of the VA Site.

In addition, it is anticipated that all or a portion of the South Parcel and all Buildings located on the South Parcel, will be designated as “Mississippi Landmarks” under the Antiquities Law of Mississippi (Chapter 7 of Title 39 of the Mississippi Code of 1972, as amended) (“Antiquities Law”). If so designated, the designated Landmarks will be subject to the provisions, guidelines and restrictions under the Antiquities Law. Therefore, certain actions with respect to all or a portion of the South Parcel will be subject to approval by the MDAH, including, without limitation, construction of additional improvements, demolition and removal of existing improvements, and certain actions that may alter the architectural nature or façades of the South Buildings (as defined below). All actions by the lessor and lessee under the Ground Lease with respect to any designated Landmarks will be subject in all respects to the requirements of the Antiquities Law. No developer shall take any action with respect to any designated Landmarks other than in accordance with the Antiquities Law.

The South and Laundry Parcels each contain certain existing improvements, including, without limitation, the Buildings. The VA Site has been cleared and the Buildings have been repaired and restored post Hurricane Katrina under the supervision and funding of the VA. The Buildings have been remediated of all lead paint and asbestos containing materials. All internal building electrical, plumbing and mechanical systems have been removed in their entirety.

The South Parcel consists of approximately 48 acres and ten (10) existing buildings containing more than 270,000 square feet (the buildings range from approximately 9,000 square feet to 57,000 square feet) (collectively, the “South Buildings”). In addition, the VA has replaced all roofs with Ludowici Italian tiles and installed Weather Shield windows and doors in more than 1,100 openings covering all of the South Buildings. The roofing materials, windows and doors are all intended to be consistent with the historical nature of the VA Site. The City and GRC expect the developer to utilize the South Buildings and to preserve the historical nature of the VA Site and campus style layout.

The Laundry Parcel consists of approximately 9.6 acres and a building previously used as a laundry facility by the VA (“Laundry Facility”). The Laundry Facility contains approximately 46,000 square feet. The VA removed all equipment and related systems and infrastructure from the Laundry Facility. The VA also installed a new roof on the Laundry Facility. The GRC expects the Laundry Facility to be developed as a meeting or conference facility. The City and GRC expect that the Laundry Facility will be available for a limited number of public or civic events identified by the City without charge on an annual basis.

The North Parcel consists of approximately 30 acres and contains no buildings. The North Parcel has been cleared of all prior improvements and infrastructure and is currently being used by the City for recreational purposes. The City and GRC expect the North Parcel to continue to

be utilized and developed as public space including walking trails, recreational use and public parks to be incorporated into and consistent with the overall development of the VA Site. The North Parcel is not being offered for development as part of the VA Site for purposes of this RFP.

In addition to the activities referenced above, the VA removed approximately 14 of the original buildings and related structures from the VA Site. The total amount funded by the VA in connection with the post Katrina restoration project is in excess of Thirty Six Million Dollars (\$36,000,000). More details relating to the VA's post Katrina restoration project is available on the Website and, upon request, additional information is also available from the GRC.

The VA Site contains numerous mature live oak trees which are distinctive to the region. Any developer must protect and preserve all existing live oaks. No live oaks may be destroyed or relocated without the prior express written permission of the GRC, which may be withheld or conditioned in its sole discretion. In addition, any relocation of a live oak must be in full compliance with all applicable governmental guidelines, regulations and procedures. Details of the City's tree ordinance can be located on the City's website www.gulfport-ms.gov (Chapter 8 of the City's ordinances).

The total VA Development Plan contemplates development of approximately 57.69 acres. However, the exact amount of acreage and description of the land available for development has not yet been determined. The GRC expects the exact acreage will be determined by survey prior to execution of the ground lease. Photographs and additional information regarding the VA Site are available on the Website.

The attached identification of the VA Site (and any parcels thereof) and any photographs, descriptions, surveys or other information made available to proposers on the Website or otherwise are believed to be correct but have not been verified by the City or GRC. Any error or omission in the identification or description of the property; any title or survey matters; or any other information relating to the VA Site or the existing improvements or infrastructure shall not constitute grounds for non-performance by the developer or grounds for any claim by the developer against the City or GRC. ALL SUCH INFORMATION IS MERELY BEING PROVIDED AS A COURTESY TO THE RECIPIENT WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY TYPE. EACH DEVELOPER MUST RELY ON ITS OWN INDEPENDENT DUE DILIGENCE INVESTIGATION AND EVALUATION REGARDING THE VA SITE AND ITS EXISTING IMPROVEMENTS. ANY AND ALL SURVEYS, REPORTS AND OTHER DUE DILIGENCE THAT DEVELOPER DEEMS REASONABLE OR NECESSARY WILL BE THE RESPONSIBILITY OF THE DEVELOPER AND UNDERTAKEN AT THE DEVELOPER'S SOLE COST AND EXPENSE.

DEVELOPER RESPONSIBILITIES

This section provides a general overview of the anticipated responsibilities of a developer. It is very important that respondents state clearly the scope of their development interest, including the portion of the VA Site of interest and their general development concept for the VA Site.

The City and GRC have a strong interest in seeing high quality, mixed-use development occur on as much of the property as feasible. Accordingly, the GRC may negotiate with multiple respondents for the VA Site. In evaluating submittals, the GRC will give added weight to submittals that clearly promote the GRC goals.

Following selection of the developer, the development responsibilities will be more specifically defined and detailed in the ground lease and any development agreements negotiated between the developer parties and the GRC and any incentive agreements negotiated between the developer parties and the City, County, MDA or MDAH, as applicable.

It is anticipated that the developer's work program will include, but is not limited to, the following services:

Master Planning & Design

Working closely with the GRC, the developer will be responsible for designing and implementing a master plan that achieves the City's goals and objectives, including, without limitation, consideration and development of architectural design standards and a Historic Preservation Plan. The developer will present design schemes to GRC to solicit input and subsequent approval. The architectural theme will take into account the VA Development Plan and the Buildings, as well as draw from the history and campus design of the VA Site and the surrounding neighborhoods. However, the developer may propose a master plan that alters or differs from the VA Development Plan in whole or in part. A proposed alternative master plan must be governed by the influences of the VA Site's natural characteristics and should define a vision of the future, incorporate concepts of urban development and environmental stewardship, and define how infrastructure and services will be provided to support the development of the VA Site and contiguous areas. Any material modifications to the VA Development Plan will require the approval of both the City and GRC.

Implementation

The developer will be fully responsible for implementation, including, without limitation, developing a plan, permitting the project, securing the financing for the project, assisting individual tenants in securing financing, coordinating preliminary development negotiation and obtaining any necessary approvals from the State of Mississippi, the City, the County, MDAH and NPS. Upon request, the GRC will provide reasonable assistance to the developer in these efforts.

Land Use and Development Approvals

The developer will be responsible for any permits, licenses or regulatory approvals for development of the VA Site. This includes any required environmental site assessments, wetland assessments, and related documentation, reports and approvals, building permits, and

any similar necessary requirements. Upon request, the GRC will provide reasonable assistance to the developer in these efforts.

Financing Infrastructure and Development Costs

The developer will be responsible for establishing financing structures. The developer will be responsible for financing the entire cost of the project. These costs include all pre-development and development costs such as infrastructure, public communications, entitlements, environmental, wetland, traffic, soil, utility or other studies, design and construction costs, and off-site and on site work. Requirements of the developer include, but are not limited to, the following: 1) master planning; 2) securing building permits; 3) financing and developing infrastructure; 4) any and all financial structuring; and 5) horizontal and vertical development. This list is not intended to alter any existing infrastructure to be provided by the City as outlined above or any incentives ultimately approved by the City, County, MDA or MDAH.

The GRC may negotiate public/private partnership incentives to be incorporated into a ground lease or development agreement to be approved by the GRC and, if required, will provide reasonable assistance in connection with any City and County approvals being requested.

Construction

The developer will be responsible for the construction of all improvements, including, but not limited to, infrastructure such as utilities, drainage and roads; building cores and shells; tenant improvements; fixed furniture, fixtures and equipment; landscaping and streetscaping. The developer(s) will be required to comply, and cause all contractors and subcontractors to comply, with all applicable local, state and federal regulations regarding construction and employees, including, without limitation, prevailing wage, employment and other labor-related issues. In addition, the developer will be responsible for negotiating all development and construction agreements with any third-party developers and contractors.

Management

The developer will be responsible for long term management, leasing and maintenance of the development. This may include the establishment of public/private partnerships to maintain any areas dedicated to the public after the initial completion of the development.

CERTAIN GROUND LEASE REQUIREMENTS

Form of Ground Lease

The successful proposer will be required to enter into an unsubordinated Ground Lease with the GRC. The GRC will retain fee title to the subject property. Use of the VA Site will be subject to any and all existing title matters, easements for utilities, roads, and prior reservations of all minerals and to all matters that would be revealed by a physical inspection or survey of the property. All existing oil, gas and mineral rights in the VA Site shall be reserved in the GRC or

the City, as applicable, and no provision of the Ground Lease may provide otherwise. Any title insurance premium and any additional title reports, commitments or updates will be the responsibility of the developer. The GRC is not undertaking any examination of title and makes no representation of any type regarding the status of title or any survey related matters.

The Ground Lease will contain standard provisions protecting a mortgagee's interest and allowing the mortgagee to assume obligations or cure defaults on behalf of developer. However, the GRC's fee interest will not be subject to any mortgage and no mortgagee shall have any right to foreclose on the GRC's fee interest. A preliminary draft of the form Ground Lease is available on the Website. The terms and provisions of the final Ground Lease are subject to negotiation between the selected developer and the GRC.

Condition of Property

The GRC anticipates that the final environmental assessments of the VA Site will not indicate any environmental condition or hazard requiring any remediation actions. The GRC expects that the final environmental reports based on the remediation and other actions of the VA will be available prior to the due date for the Initial Proposals. Copies of the Finding of Suitability for Transfer (Final report) by the VA relating to the VA Site (South and North Parcels including the Laundry Parcel) are located in the Data Room of the Website. However, neither the City nor the GRC makes any representation or warranty regarding the physical or structural condition of the VA Site or any Buildings or improvements, soil condition, presence of fill material, environmental status, presence of wetlands, historical or antiquity related sites, or any other conditions of the property or its suitability for any purpose or use. Prospective developers were afforded the opportunity to visit the VA Site at the pre-proposal conference. Additional visits will be permitted but must be requested by the developer in writing a minimum of two (2) business days in advance of the requested Site visit and such visit must be approved and coordinated by the GRC. No adjustment will be made to any payments due under the Ground Lease for any property conditions, known or unknown, patent or latent, discoverable or undiscoverable. **The developer shall lease the VA Site on an "AS IS, WHERE IS" basis with all faults.** Copies of available site specific environmental data, assessments and reports are available on the Website.

Uses

The Ground Lease will allow uses as contemplated by the proposed development plan once approved by the City and GRC. However certain uses will not be permitted, including, without limitation, casino, racetrack, or any other facility used for gaming or gambling, illegal activities, environmentally hazardous activities, dry-cleaner (except a location exclusively for pick-up and drop-off), private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, or any store the principal purpose of which is the sale of alcoholic beverages for consumption off premises. In addition, it is not contemplated that free standing residential housing will be a component of the development.

Term

The Ground Lease will be for a primary term of seventy (70) years. The Ground Lease will permit a single twenty-nine (29) year renewal option. Residential only leases may permit multiple renewal options at then market rates to essentially grant an evergreen term provided the unit is maintained exclusively as a residence and no default then exists. The GRC will consider other commercially reasonable options to protect the integrity of the development during the renewal period, including, without limitation, certain provisions promoting capital investments during the renewal period.

Application Fee

For proposers invited to supplement their Initial Proposals, an application fee in the amount of \$10,000 must accompany each Supplemental Proposal, and be affixed to the outside of the sealed Supplemental Proposal. The application fee must be in the form of a cashier's check, certified check, bank check or money order payable to the order of GRC. **The application fee is absolutely non-refunded and shall immediately become the property of GRC, regardless of whether the proposer is ultimately selected by the GRC for further negotiation.** The application fee is intended to provide the GRC with a source of funds to offset certain expenses associated with review of the Supplemental Proposals.

Good Faith Payment

A good faith payment in the amount of \$75,000 must be paid to the GRC by the proposer selected by the GRC for exclusive one-on-one negotiation within five (5) business days after proposer has been notified that the GRC has selected the proposer for such negotiations. It is contemplated that after completion of the interviews of the shortlisted proposers and evaluation of the Supplemental Proposals, the GRC will select an individual proposer to commence exclusive negotiations with for a period of forty-five (45) days. At such time, all proposers who submitted Supplemental Proposals will be advised of the proposer selected for negotiations. This payment must be in a form of a cashier's check, certified check, bank check or money order payable to the order of GRC. **The good faith payment is absolutely non-refunded and shall immediately become the property of GRC, regardless of whether the proposer is ultimately successful in negotiating and executing a Ground Lease and development rights.** The payment will be credited toward the base rent due under the Ground Lease after the first three years as outlined below provided the proposer ultimately executes a Ground Lease with the GRC. The good faith payment is intended to provide the GRC with a source of funds to offset certain expenses associated with negotiation of the terms of the development and Ground Lease with the selected proposer. All shortlisted proposers shall maintain their offer open until expiration of the 130 day offer period in the event that the GRC and a selected proposer are not able to negotiate an acceptable final agreement. If subsequently selected for exclusive negotiations, the proposer must comply with the terms of this paragraph regarding payment of the good faith payment.

Rent Payments

The City and GRC have secured a fair market value appraisal of the VA Site based on its current condition, prepared by an independent appraiser. The fair market value of South Parcel including the Building is in the range of \$20,250,000 to \$26,500,000. The fair market value of North Parcel including the Laundry Facility is in the range of \$1,600,000 to \$1,800,000. The net base rental rate for the first five (5) year period should be based upon a market based percentage of the appraised value subject to any rent abatement discussed below. Each year thereafter base rent should be adjusted annually based on a market based concept acceptable to the GRC such as a fixed two percent (2%) per year on a cumulative basis, rounded to the nearest \$5.00 or by such other adjustment mechanism as may be determined based on a recognized index or approved appraisal concept. Base rent for any renewal period shall be adjusted to the then fair market value of the property including the then existing improvements. All base rent for any renewal period shall continue to be subject to the cumulative annual increase referenced above.

Upon execution of the Ground Lease, developer must pay to the GRC the sum of One Hundred Thousand Dollars (\$100,000) as the initial base rent. Base rent shall be due on such regular payment dates as determined by the GRC. Other than the initial base rent payment, the rent commencement date shall be the earlier of a date certain or issuance of a certificate of occupancy for the first Building. GRC will consider abatement of base rent during the period from execution to the rent commencement date for construction purposes and will also consider a reduction in base rent during any approved phased construction schedule or but no such abatement or reduction shall reduce the base rent payment due upon execution of the Ground Lease. One half of the \$75,000 good faith payment will be applied toward the then upcoming base rent payments at the beginning of each of the third and fourth lease year.

Proposer shall identify any additional annual rents to be paid to GRC based on either a percentage of: (i) the gross revenue of the project (including the revenue of all affiliated entities of the developer relating to the project), (ii) the appraised value of the improvements to be constructed on the VA Site, or (iii) such other additional rent method or calculation as may be proposed by the developer and acceptable to the GRC in its sole discretion.

If any rental payment or portion of a payment is not received by GRC on or before the tenth day following the due date of such payment, then a service charge of five percent (5%) of the amount of such payment shall be due and payable in addition to the payment owed and default interest will accrue from the due date until fully paid. The developer will be granted only two late payments per year and any additional late payment is grounds for termination of the Ground Lease, subject to any mortgagee cure rights.

Developer and any successor will be responsible for all city, state and county taxes relating to the leasehold interest and all improvements. Developer's responsibilities also include payment of all expenses of the property and development, including, without limitation, insurance, utilities, taxes (sales, use, property, ad valorem and other), development, maintenance, repair and operation.

Improvements

All existing improvements will be transferred to the developer upon execution of the Ground Lease in their "AS IS, WHERE IS" condition. Developer shall be responsible for any demolition, mitigation or rehabilitation of the improvements at its sole cost and expense. Any proposed demolition of existing buildings may be subject to prohibitions and conditions established by the MDAH under the Antiquities Law. The redevelopment of the VA Site and the Buildings may also be subject to additional conditions and restrictions imposed by the MDAH and NPS in order to comply with listing on the National Register of Historic Places or under the Antiquities Law. Developer will have all development and construction risk and responsibility. Developer shall insure all improvements are constructed in accordance with the building codes of the City and all applicable federal and state laws and guidelines, including, without limitation FEMA and ABFE. All improvements then existing will automatically revert to the GRC upon expiration or early termination of the Ground Lease without payment of any fee. The Ground Lease will contain no option to purchase either the improvements or the fee interest upon expiration or termination of the Ground Lease.

The developer will be responsible for meeting all time lines and construction schedule milestones, including, without limitation, dates for construction commencement and substantial completion, as agreed upon in the Ground Lease or development agreement, subject to reasonable extensions directly caused by "force majeure" events, or risk termination of the Ground Lease and forfeiting any paid rent and the application fee and good faith payment. GRC will grant up to two extensions of the time lines and/or milestones for designated periods upon the written request of the developer and payment of an extension fee to be set forth in the Ground Lease.

Insurance Requirements

Developer will be required to insure, at its expense, all Buildings and related improvements under a standard all-risk property damage insurance policy, including flood, windstorm or change of condition. Developer will also be required to carry commercial general liability insurance, business interruption and other standard coverages as more specifically outlined in Article 13 of the form Ground Lease. The GRC has been advised that such coverages are currently generally available. For informational purposes only, the GRC has been advised that the Mississippi Windpool Rate for the first \$1 million on each building would be approximately 1.5% of the value, the rate for the "structure" over and beyond the wind pool coverage of \$1 million would be approximately 0.65% of the value. The rate for leasehold improvements and contents would be approximately 0.55% of the value insured. However, there can be no assurance of the availability or the actual cost of any such insurance, now or in the future, as it is dependent on many factors including, without limitation, the specific development and use.

Financial Reporting

Developer shall provide to GRC quarterly financial reports and on a yearly basis, audited financial statements and tax returns relating to the use and operation of the VA Site, including,

without limitation, financial statements of any affiliates of developer involved in the use or operation of the VA Site.

Other Provisions

The Ground Lease will contain other provisions typically contained in a ground lease for development, including, without limitation, milestones, default provisions, indemnifications by the developer, insurance requirements, obligations to rebuild in the event of a casualty, obligations to repair, maintain and operate in a first class manner, mortgagee provisions, non-discrimination, rights to assign and sublease and liability disclaimers for the benefit of the City and GRC. The specific terms and provisions of the Ground Lease are subject to negotiation between the selected developer and the GRC.

STATEMENT OF QUALIFICATIONS AND PROPOSAL SUBMITTAL REQUIREMENTS FOR BOTH THE INITIAL AND SUPPLEMENTAL PROPOSALS

Initial Proposal. Each proposer shall provide a general description and conceptual representation of the proposed development and key factors of the development program. This description and concept shall enable effective evaluation of the proposer's ability to achieve GRC's and the City's development goals and demonstrate what the proposer presently envisions for the VA Site or applicable portion thereof. The proposer should submit one original and ten bound copies of the Proposal and ten copies of all materials submitted in electronic format on labeled and indexed CDs or DVDs. Initial Proposals should not exceed 30 pages (not counting covers or dividing tabs; use of front and back counts as two pages).

The Initial Proposal must include, at a minimum, the following:

1. **Cover.** Should contain the RFP title, the proposer's name and development opportunities being proposed.
2. **Letter of Transmittal.** The letter of transmittal should be no longer than two pages in length and shall contain:
 - a. The name, title, address, telephone, e-mail and fax number(s) of the individual(s) with authority to bind the proposer during the period in which the GRC is evaluating Proposals. Such individual(s) shall sign the Letter of Transmittal.
 - b. The address and legal form of the proposer. If a joint venture is being proposed, provide the above information for all participating venturers.
 - c. Statement that the Proposal will remain in effect, and not be withdrawn, for 130 days after the due date.
 - d. Statement acknowledging receipt of every addendum that the GRC may issue to this RFP.
 - e. Certification of no Prohibited Interests (as outlined below).

- f. A firm commitment that, if selected, the proposer will fund the application fee and good faith payment.
- g. A commitment that, if selected, proposer will negotiate in good faith with the GRC based on the material ground lease terms identified in this RFP unless the Proposal specifically identifies any terms to the contrary.

3. Table of Contents

4. Statement of Qualifications

Section 1 – Overview of proposer and development team

This should include development experience, with particular emphasis on the developer's experience with mixed-use, sustainable development. This should also include a list of any expected local team members or contributors. Proposer should also include experience in design, construction, development, financing, leasing, marketing and management of similar projects. Of particular interest are high visibility water front projects and projects with a focus on creating a world class, mixed-use, urban neighborhood center with a destination resort type hotel.

Section 2 – Experience Record

To the extent not previously referenced in the response to Section 1 above, examples of: (i) projects such as the one proposed for the VA Site, representing high-visibility, world class, mixed-use projects in downtown or waterfront locations, (ii) familiarity with Mississippi or other similar city's development processes, and (iii) work with similar stakeholder groups and designing for maximum sustainability.

Section 3 – Organization and Management Plan

This section should include a description of the proposer's organization and management plan, which shall be established to undertake the development. The organization and management plan shall clearly identify the project manager and key personnel associated with the proposed development. If the proposer is a joint venture, the company or firm affiliation of each staff person must be identified.

The proposer shall detail the role of the team and each key member, including how the team will accomplish the following activities: planning and design of the development; financing the development; construction; long term ownership, management and maintenance;

proposed lease structure for the ultimate users; any proposed hotel flag and tenant selection parameters.

Resumes of all key personnel shall be included in the Appendix (these do not count in determining the page limit).

Section 4 – Firm Information

Background information – To the extent not previously referenced in the response to Sections 1, 2 or 3 above, a concise description of the proposer, including organizational structure, subsidiary companies, identification of principals or parent companies, length of time in business, office locations and size, and overall number of personnel by discipline. A list of all litigated or arbitrated matters (determined, settled, pending or threatened) that developer or its affiliates were a party during the prior 10 years. If the proposer is a joint venture, the proposer shall furnish this information for each entity forming the joint venture and clearly indicate the reason for the joint venture as it directly applies to this Proposal.

5. Conceptual Summary of the Proposed Development

Section 1 – Conceptual project description and team philosophy

This section should include the vision of the project, how this Proposal is consistent or inconsistent with the VA Development Plan and the team's prior relationship with mixed-use, urban and/or waterfront neighborhood center developments, especially in the context of sustainable development. It should also include land use, adaptability, phasing, timeline from commencement to completion and strategies (including general details of each proposed phase), and any other proposed opportunities that will benefit the City and/or the VA Site, as appropriate. It should also include any ability, expectation or plan to assemble additional property to increase the magnitude and impact of the proposed project (if applicable).

Section 2 – Ground Lease

Include any material revisions to the specific Ground Lease terms referenced in this RFP.

Include the base rent being offered and any escalations thereof. Include any additional or percentage rent being offered in addition to the base rent, including the mechanism for determining any such additional or percentage rent.

No specific comments are required to the specific terms of the preliminary draft Ground Lease in connection with the Initial Proposal.

Section 3 – Financing Information

Project financing – Include a description of the team’s ability to finance the project through completion. Please include your potential financial structure for the transaction, based on the structures you typically use for development projects, and include the partners, investors, financiers you typically work with on these developments. Indicate how these relationships would contribute to the overall value you would bring to the City.

Section 4 – Deviations

List of any proposed material deviations from the terms and provisions contemplated by this RFP.

Supplemental Proposal. If a proposer is one of the proposers shortlisted by the GRC, each shortlist proposer should submit one original and ten bound copies of the Supplemental Proposal and ten copies of all materials submitted in electronic format on labeled and indexed CDs or DVDs. Supplemental Proposals should not exceed 50 pages (not counting covers or dividing tabs; use of front and back counts as two pages). The Supplemental Proposals must include, at a minimum, the following:

1. **Cover.** Should contain the RFP title, the proposer’s name and development opportunities being proposed.
2. **Letter of Transmittal.** The letter of transmittal should be no longer than two pages in length and contain a reaffirmation of all information contained in the initial Letter of Transmittal and a description of any changes or modifications thereto.
3. **Table of Contents**
4. **Statement of Qualifications.** Should only include any changes, modifications or additions to the information contained in the initial Statement of Qualifications.
5. **Summary of the Proposed Development**

Section 1 – Conceptual project description. This section should include:

- a. Conceptual drawings of the proposed development and project components, including any recommended changes and/or improvements to the VA Development Plan.

- b. Overall vision and scope of the proposed development.
- c. A description of how the proposed development could potentially impact the City, surrounding historic districts and neighborhoods, and the potential economic benefits including, without limitation, the number of jobs to be created during construction and during operations and the projected impact on the local tax revenues including sales and property tax. This description should also outline the major components of the proposed Historic Preservation Plan.
- d. A generalized description of the nature of the project including building materials, public areas, uses by square footage, parking, traffic flow and any other proposed uses of the property.
- e. Any intended phasing of the proposed development, including specific details of each phase.
- f. The total estimated project cost of the proposed development with an allocation of cost per phase if applicable. The City and GRC expect a private investment of not less than \$100,000,000 in connection with the full development of the VA Site.
- g. Market(s) to be served by the proposed development.
- h. How the proposer envisions the development will integrate into the waterfront and adjoining neighborhoods including vehicular traffic impact and pedestrian walking paths.
- i. How the proposed development is compatible with the Gulfport Plan and VA Development Plan.
- j. A preliminary project budget showing sources and uses of development funds with an allocation per phase, if applicable.
- k. A preliminary, ten year operating financial pro-forma including break-even analysis for the proposed development showing income, operating costs, capital costs, equity contribution, debt service, and returns by phase or component.
- l. A statement on whether the proposed development is contingent on any local, state or federal government action or incentive (e.g., regulation changes, public funding, grants, loans, other), the details of all requested actions or incentives, the justification for the action or incentive, and the methods to be implemented.
- m. Proposed overall project schedule including proposed design, construction commencement and completion dates. If phasing is contemplated, include the proposed schedule for each phase.
- n. A comprehensive list and description of any and all other conditions upon proposer's commitment to carry out the redevelopment of the VA Site pursuant to the Proposal.

Section 2 – Ground Lease

- a. All revisions to the specific Ground Lease terms referenced in this RFP and material comments to the form of Ground Lease located on the Website.
- b. The base rent being offered and any escalations thereof.
- c. Any additional or percentage rent being offered in addition to the base rent, including the mechanism for determining any such additional or percentage rent.

Section 3 – Firm Information

- a. Project financing – a description of the team’s ability to finance the project through completion. Please include your potential financial structure for the transaction, based on the structures you typically use for development projects, and include the partners, investors, financiers you typically work with on these developments. Indicate how these relationships would contribute to the overall value you would bring to the City. This should include any update or additional information to that included in the Initial Proposal.
- b. Two years of financial information (i.e. balance sheets and income statements) for the proposer and any principal of the proposer or joint venturer with an ownership of 20% or greater or who otherwise has control of the proposer.

Section 4 – Deviations

List of any and all proposed deviations from the terms and provisions contemplated by this RFP.

6. Application Fee and Good Faith Payment

- a. Application Fee – Payment of the application fee required pursuant to the terms of this RFP.
- b. Good Faith Payment – A firm commitment to fund the good faith payment if the GRC elects to commence negotiations with the proposer.

REVIEW PROCESS

1. Review will be guided by independent consultants who will assist in evaluating the Proposals according to established criteria.
2. Consultants will submit all responses to GRC with detailed evaluations.
3. The Review Committee (comprised of the GRC and the City’s Chief Administrative Officer and Director of Finance) will review all submittals and

- the consultant's evaluations. If questions arise, consultants will contact teams for clarification or additional information.
4. The Review Committee and consultants will meet to make a final determination of short listed firms.
 5. The Review Committee will send a recommendation to the GRC and, if required, to the City and County for review and action.

EVALUATION CRITERIA

The GRC's primary goal is to select the most qualified development team or teams to create a vibrant and successful development. To achieve this, potential developer(s) will be selected based on the overall quality and responsiveness to this RFP, including, without limitation:

1. The overall contribution and economic impact to the City. (24 points)
2. The ability to finance the development. (20 points)
3. The quality, ability and relevant experience of the development team. (14 points)
4. The ability to complete and operate the development. (12 points)
5. The quality and responsiveness to the proposed vision of the City. (7 points)
6. The degree the Proposal uses smart growth principles, and is consistent with the VA Development Plan. (5 points)
7. The impact on the surrounding neighborhoods. (5 points)
8. The willingness and ability to include sustainable elements in the project. (5 points)
9. The willingness and ability to include local, women and minority business interests as part of the project. (5 points)
10. The ability to obtain the necessary public and private entitlements and incentives in a timely manner. (3 points)

Based on items above, the points referenced for each criteria will be used to determine which submittals will be included in a shortlist and also to determine which proposer(s) is selected for specific negotiation. The GRC will then undertake negotiations with the selected proposer(s).

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SUMMARY OF CERTAIN KEY DATES

For your convenience, the following is a list of certain key dates. This list is not intended to alter or modify any provisions or time periods referenced in this RFP. In addition, each of the dates referenced below may be extended at the sole discretion of the GRC.

Voluntary pre-submittal conference, economic summit and tour	April 27 and 28, 2010
Distribute Request for Proposals	May 1, 2010
Submittal of post conference questions	By May 25, 2010
Statement of Qualifications (Initial Proposal) due to Connie Debenport at Gulfport City Hall, 2309 15 th Street, Gulfport, Mississippi 39501	No later than 4 p.m., June 7, 2010
Shortlist determined by GRC	By June 15, 2010
Supplemental RFP Proposal due together with Application Fee due to Connie Debenport at Gulfport City Hall, 2309 15 th Street, Gulfport, Mississippi 39501	No later than 4 p.m., July 30, 2010
GRC to conduct interviews of shortlist	By August 13, 2010
City consideration and determination regarding any modifications to the VA Development Plan	By September 1, 2010 (estimate)
GRC selection and commence negotiation with one development team (45 day negotiation period)	By September 1, 2010 (estimate)
GRC approval of development team, Proposal and the Ground Lease and any development agreement	By October 15, 2010 (estimate)
MDA, MDAH, City and County consideration and determination regarding any required incentives relating to the development	By October 15, 2010 (estimate)
Final GRC approval and execution of Ground Lease	By November 1, 2010 (estimate)
All Proposals remain open	Until December 7, 2010

REGISTRATION AND QUESTIONS

All interested proposers should email an indication of your interest in this RFP to and register with:

Connie Debenport
cdebenport@gulfport.ms.us

All questions should be submitted in writing and should be directed to:

Connie Debenport
cdebenport@gulfport.ms.us
228 868-5705
FAX: 228 868-5704

A copy of all questions and answers will be posted on the Website or distributed to all registered proposers.

PROPOSAL DUE DATE

One original with original signatures and ten additional bound copies of the Proposal and ten copies of all materials submitted in electronic format on labeled and indexed CDs must be delivered no later than 4:00 p.m. local time on June 7, 2010 for the Initial Proposals and no later than 4:00 p.m. local time on July 30, 2010 for the Supplemental Proposals. Immediately following the deadline for the receipt of proposals, those proposals received will be logged and receipt acknowledged. All Proposals delivered after the respective time will be returned unopened.

Submit Proposals to:

Connie Debenport
C/O Gulfport Redevelopment Commission
PO Box 429
Gulfport, Mississippi 39502

Physical Address:
2309 15th Street
Gulfport, Mississippi 39501

GENERAL INFORMATION

The City and the GRC, as applicable, reserves the right to reject any and all responses, to waive informalities, irregularities and technicalities, to negotiate with any person or persons for Proposals, and to waive clarifications and exceptions, all as deemed to be in the best interest of the City and GRC. The GRC reserves the right to request additional information from any respondent as deemed necessary to analyze responses and to delay awarding any contract. In the event the GRC determines that it is the public interest to reject any and all Proposals, all proposers will be advised thereof. In the event the GRC determines that it is the public interest

to accept a Proposal, a notification of intent to accept such Proposal will be filed with the City's Mayor and City Council.

The GRC may modify this RFP and all related documents at any time prior to the deadlines referenced herein. In the event it becomes necessary to revise or modify any part of this RFP, addenda shall be created and emailed to registered respondents who have provided an accurate email address. All addenda will also be posted on the Website. Each recipient of an RFP shall have the responsibility to check the Website to verify if any addenda have been issued and to either download a copy of each addendum or make a written request for a copy of any such addenda to the City in accordance with this RFP. If desired, a hard copy of any addenda will be provided upon request. All addenda posted on the Website shall automatically become part of this RFP and all proposers shall be subject to the terms and provisions of the addenda whether or not actually received by the proposer.

Neither the City nor the GRC is liable for any cost incurred by any proposer in connection with this RFP and any Proposals made in response hereto. No reimbursement will be made by the City or GRC for any costs incurred prior to execution of the definitive development contracts, the Ground Lease or otherwise should an award result from this RFP.

The contents of this RFP may be included in contractual obligations if a contract ensues from this process.

PROTEST PROCEDURES

The GRC will consider any protest made in a timely manner regarding the acceptance of a Proposal or selection of proposers for Supplemental Proposals, whether submitted before or after filing of a notice of intent with the City. All protests are to be submitted in writing to Connie Debenport, c/o Gulfport Redevelopment Commission, 2309 15th Street, Gulfport, Mississippi 39501. Protest submissions shall be concise, logically arranged, and clearly state the grounds for the protest. Protests against the selection of proposers for Supplemental Proposals may only be made by registered recipients of the RFP who timely and properly submitted an Initial Proposal and must be made before the earlier of: (i) seven (7) days following notification of failure to be invite a proposer to submit a Supplemental Proposal, or (ii) 4:00 p.m. local time on June 30, 2010. Protests against execution of a Ground Lease or other definitive develop agreement(s) may only be made by registered recipients of the RFP who timely and properly submitted a Supplemental Proposal and must be submitted within seven (7) days following the filing of a notice of intent with the City. Any protests filed after the applicable deadline shall be untimely and without any force or effect.

NO PROHIBITED INTERESTS

All proposers will be required to represent, warrant and covenant that: (i) no current official, employee or member of the governing body of the City or the GRC, and (ii) no person who shall have been a member of the governing body of the City or the GRC during the preceding one-

year period has or shall have any personal interest, direct or indirect, in any agreement entered into pursuant to this RFP or any selected proposer (collectively "No Prohibited Interests").

NO PERSONAL LIABILITY

No official, employee or member of the governing body of the City or the GRC shall be personally liable to any proposer or any successor in interest in any manner, including, without limitation, in the event of any default or breach by the GRC or for any amount which may become due to any proposer or successor or on any obligation under the terms of any action taken or agreement entered into pursuant to this RFP.

INSURANCE REQUIREMENTS

Commercial General Liability, Business Automobile Liability, Workers' Compensation, and Professional Liability Insurance are required from firms that enter into a professional services contract with the City or GRC naming the City and GRC as additional insureds. This information is being provided for informational purposes only. Insurance coverage and limits will be determined and an actual insurance certificate prepared based on the proposed services submitted by the chosen developer.

In general, projects that are conceptual, feasibility, development, master plans, etc. resulting in no construction or no construction oversight require Professional Liability with at least a \$500,000 limit per claim, \$2,000,000 aggregate limit. Typically, projects that involve development or result in on-site testing, construction or construction oversight require Professional Liability with at least a \$2,000,000 limit per claim, \$5,000,000 aggregate limit (portions of which can be accomplished by use of excess or umbrella coverage). Please provide evidence or declaration indicating the types of insurance currently in force by you prior to any access or testing being permitted with respect to the VA Site. These general concepts and amounts are subject to the specific insurance requirements set forth in the Ground Lease applicable to the specific Site or development.

LEGAL COMPLIANCE

Proposer agrees to abide by the requirements of the following laws and regulations promulgated pursuant thereto, as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1972, Presidential Executive Order 13224, the USA PATRIOT ACT, Public Law 107-56, the Bank Secrecy Act, the Money Laundering Control Act and the Americans With Disabilities Act of 1990.

Further, proposer agrees not to discriminate in its employment practices, and will render services, without regard to race, color, religion, sex, national origin, veteran status, political affiliation, disability or sexual orientation. Any act of discrimination committed by proposer or

failure to comply with the foregoing legal obligations, as applicable, shall be grounds for termination of any and all agreements or negotiations with the City or GRC.

INDEMNIFICATION

Proposer assumes and agrees to be responsible for all claims for damages for injuries to persons or property arising out of or relating to the performance of any of Proposer's duties, responsibilities, access to or investigations relating in any manner to this RFP or the VA Site, whether due to: (i) its own default or negligence, the negligence of its subcontractors, (ii) any physical or other conditions known or unknown relating to the VA Site or any improvements thereon, (iii) the negligence of the City, GRC or their employees, officers, mayor, council members, commissioners or third party consultants, or (iv) otherwise. Proposer agrees to indemnify the City and GRC on account of such claims and further agrees that it will indemnify the City and GRC (including their employees, officers, mayor, council members, commissioners or third party consultants) fully against any liabilities, damages, costs, expenses, fines, penalties or forfeitures of any kind which may be imposed upon or levied against the City or GRC as a result of the such party's violation or failure to comply with any valid law, ordinance or regulation of the United States, State of Mississippi, or the City of Gulfport, including the Federal Occupational Safety and Health Act of 1970 as amended from time to time or any federal regulation adopted pursuant thereto. This indemnification is in addition to and not in lieu of any indemnification provisions to be contained in the Ground Lease.

On behalf of the City and the GRC, we invite you to submit a Proposal regarding the VA Site in accordance with this RFP. We are very excited about the redevelopment of the VA Site and the future of Gulfport Mississippi.



Carole Lynn Meadows, Chairperson
Gulfport Redevelopment Commission

Exhibit A
Description and Identification of
VA Site Parcels

The legal descriptions of the South Parcel and Laundry Parcel are contained in the Quitclaim deeds from the City to the GRC both dated April 9, 2010 and recorded in the lands records of the First Judicial District of Harrison County Mississippi. Copies of the Quitclaim deeds and related surveys are located in the Data Room of the Website. The legal descriptions will be modified by the City and GRC to correct minor differences in the survey and prior vesting descriptions and to exclude the portion of the South Parcel directly impacted by the exiting water tower which is located in the northeast corner of the South Parcel. The City and GRC expect to have a Corrected Quitclaim deed filed of record by the end of May, 2010.

Appendix A Other Nearby Sites

The following are a few of the nearby sites which are owned or controlled by the City but are not part of this RFP. These other sites are not being offered for development as part of this RFP. These are in addition to various nearby private parcels that may be available for acquisition and development and other projects being undertaken by the State of Mississippi or Harrison County in and around the City, such as the proposed \$1.6 Billion improvement and expansion of the State Port located in the City.

Urie Pier and Bert Jones Yacht Basin. The City has completed a total restoration and enhancement of Urie Pier post Hurricane Katrina at a cost in excess of \$850,000. Urie Pier and the Bert Jones Yacht Basin are located south of US Highway 90 (Beach Boulevard) at the southern terminus of Highway 49, approximately 2.3 miles west of the VA Site. The City is currently undertaking dredging, bulkhead replacement, and reworking of the Small Craft Harbor primarily through funding provided by FEMA. The projected cost of the Bert Jones Yacht Basin project exceeds \$17,100,000 and is being funded primarily by funds from FEMA and City capital funds. The City's expected completion date is January 2011. Further details of the Small Craft Harbor restoration are available on the City's Website.

A second phase for expansion of a small craft harbor immediately to the east of Bert Jones Yacht Basin is currently being evaluated and planned and will be considered by the City in the future. There can be no assurance as to if or when the expansion of the small craft harbor will actually be undertaken by the City.

Jones Park. The City is also undertaking a redesign and major upgrade to Jones Park which lies adjacent to the Bert Jones Yacht Basin. Jones Park is located south of US Highway 90 (Beach Boulevard) at the southern terminus of Highway 49 adjacent to the Small Craft Harbor. Jones Park contains approximately 42 acres along the water front of the Gulf of Mexico. As such Jones Park is one of the largest public parks on the Mississippi Gulf Coast. Details of the Jones Park redesign are available on the City's Website. The projected cost of the Jones Park project exceeds \$7,000,000 and is being funded primarily by funds from Community Development Block Grant and City capital funds. The City's expected completion date on the initial phase is January 2011.

Ken Combs Pier. Ken Combs Pier is located south of US Highway 90 (Beach Boulevard) at the southern terminus of Courthouse Road. The center of the VA Site is located approximately one half mile to the west. The Ken Combs Pier Plan is part of the Gulfport Plan and the GDD and was approved by the City Council on July 8, 2008. The Ken Combs Pier Plan includes recommendations to revitalize certain areas of the Ken Combs Site as follows:

- Develop a destination restaurant on the west side of Ken Combs Pier
- Develop a fishermen's bait shop on ground floor, below elevated restaurant

- Consider development of a family-oriented recreational splash pool or similar recreational area on the east side of the Ken Combs Pier (to be considered as a potential joint development with the City – However, there is no assurance that the City will undertake development of the splash pool or any similar recreational area now or at any point in the future)

The City completed restoration and enhancement of Ken Combs Pier following the devastation of Hurricane Katrina. The jetty and pier are approximately 840 feet long. The restoration included parking for approximately 105 vehicles, 49 boat trailer spaces and creation of a small craft boat launch. The Ken Combs Site has a utility corridor installed to handle water, sewer, electrical & cable which can be pulled to the sand area located between the Courthouse Road Boat Launch Ramp and the Ken Combs Pier. These infrastructure projects were funded through the Mississippi Tidelands Fund and FEMA Hurricane Katrina Repair funds. The cost of the related infrastructure projects exceeded \$1,625,000 in the aggregate.

The Ken Combs Pier area will have access to these new water and sewer services. Water and sewer infrastructure on the Ken Combs Pier site will have to be installed to accommodate development and connected to the water and sewer system at US Highway 90 approximately 200 feet away. The timing and scope of the infrastructure projects are subject to change from time to time at the discretion of the City. The City is willing to assist and support development of the Ken Combs Pier Site by considering the proposed uses and needs of the development in connection with the City's infrastructure project.

The Ken Combs Pier Plan contemplates development of approximately 3,000 to 5,000 square feet. However, the exact amount of acreage and description of the land available for development has not yet been determined. The Ken Combs Pier Site includes certain tidelands of the State of Mississippi which are or will be leased by the City or GRC. The tidelands lease or applicable sublease will provide complete authority for the GRC to authorize and undertake development of Ken Combs Pier.